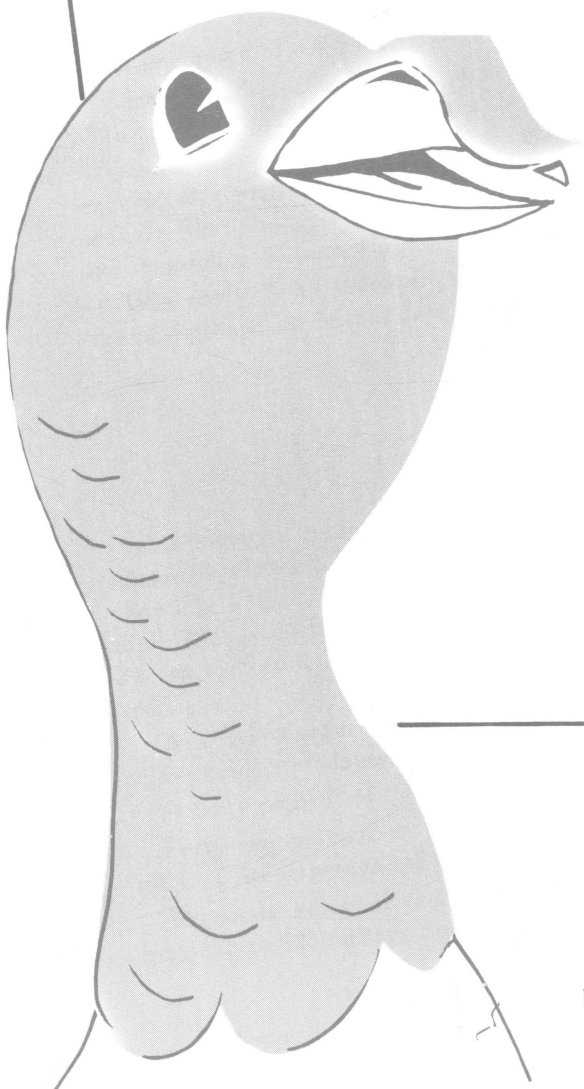
SALES OF OHIO TURKEYS TO FIRST BUYERS



D. David Moyer
and Ralph L. Baker

OHIO AGRICULTURAL EXPERIMENT STATION - - - WOOSTER, OHIO

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SALES OF OHIO TURKEYS TO FIRST BUYERS

D. DAVID MOYER AND RALPH L. BAKER

In 1961, turkeys produced a gross income of $12 million in Ohio. At the same time Ohio consumers ate about 50 percent more turkey meat than was produced in Ohio. Since Ohio's population and per capita consumption of turkeys are increasing, it is clear that there is a large market for turkeys in Ohio.

Although Ohio's consumption of turkey meat has risen sharply in the last several years and Ohio's production has increased, Ohio's rank in U. S. turkey production slipped from sixth in 1954 through 1956 to tenth in 1961. Ohio's proportion of U. S. turkey production has been declining, since 1955. This study is a first step in a series of studies to discover possible ways and means of improving Ohio's competitive position in the national turkey picture.

THE PROBLEM

Ohio's turkey industry has been changing rapidly in the last ten years. The two most recent U. S. Censuses showed 3198 turkey producers in 1954 and 1392 in 1959. In 1959, 446 Ohio producers raised more than 400 turkeys each. As indicated in Fig. 1, these producers of over 400 turkeys were scattered throughout the state.

Comparing the present study with a previous Ohio study indicates that the average Ohio commercial flock size doubled between 1957 and 1961.

Can these producers coordinate their production and marketing operations well enough to permit them to compete effectively with growers in highly concentrated areas? What changes will permit continued growth of the Ohio turkey industry? These are long-run questions which need study and action.

This study is an inventory of present methods of marketing and is expected to be the background for further detailed studies.

THE SAMPLE

One hundred randomly selected Ohio turkey producers were interviewed during the winter of 1961-1962. The approximate location of the turkey producers interviewed is shown in Fig. 2. In addition, 19 other producers were interviewed who dressed more than 5000 birds or sold 25,000 or more birds live, in 1961. These two groups of producers marketed 2,120,000 turkeys in 1961. This was about 60 percent of the Ohio crop.

Ohio turkey producers are mostly specialists. An average of 2/3 of the gross income of the random producers came from turkeys.

Seventy percent of the turkeys raised by the random producers were white varieties.

Forty-four percent of the random producers dressed at least part of their output in 1961. Fifteen percent of the producers dressed their entire output.

Randomly selected producers with processing facilities could dress an average of from 375 to 525 turkeys per eight hour day depending on the size of the bird.

FIG. 1: PRODUCERS OF 400 OR MORE TURKEYS WERE SCATTERED OVER OHIO WITH 3 RATHER CONCENTRATED AREAS

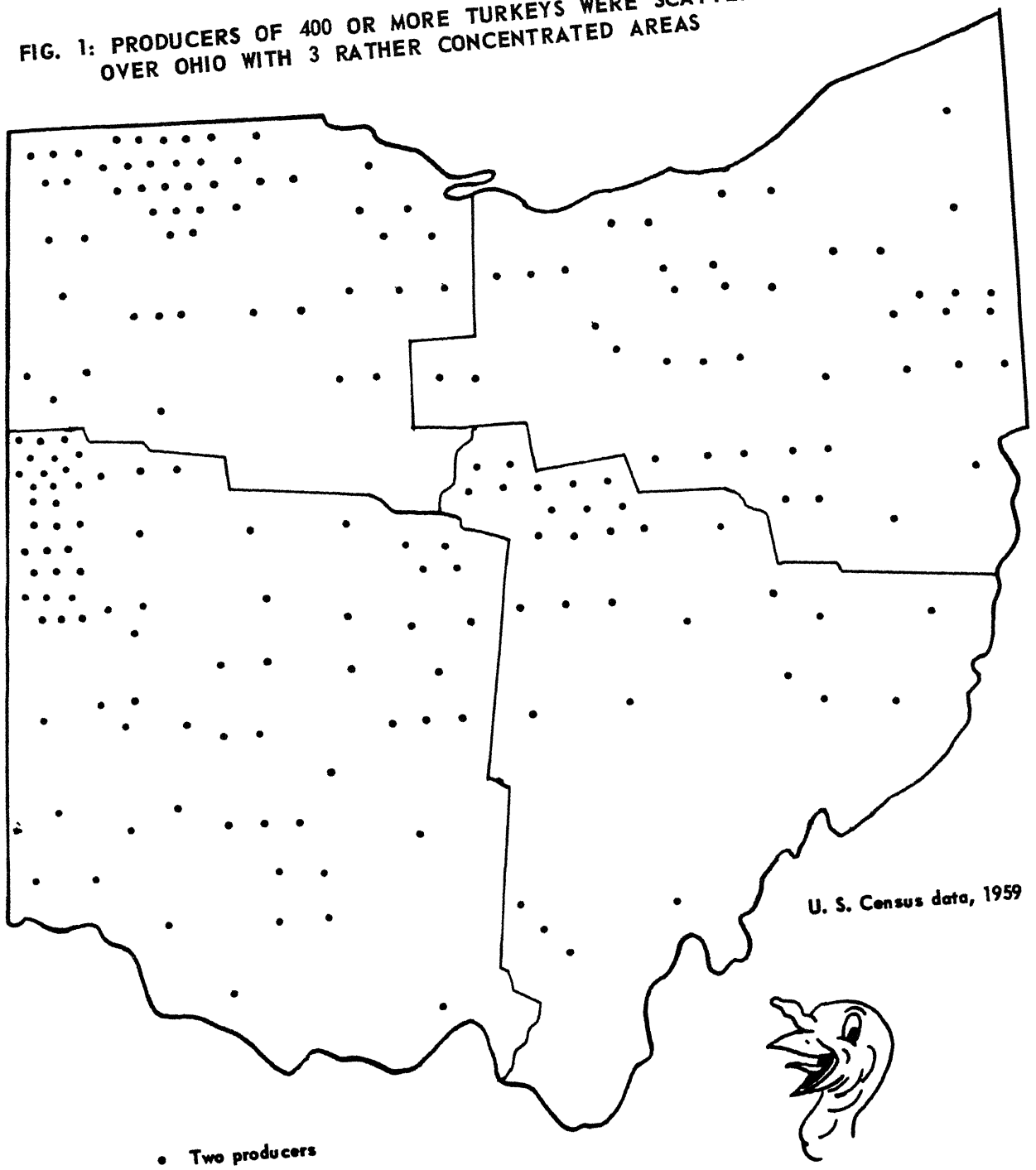
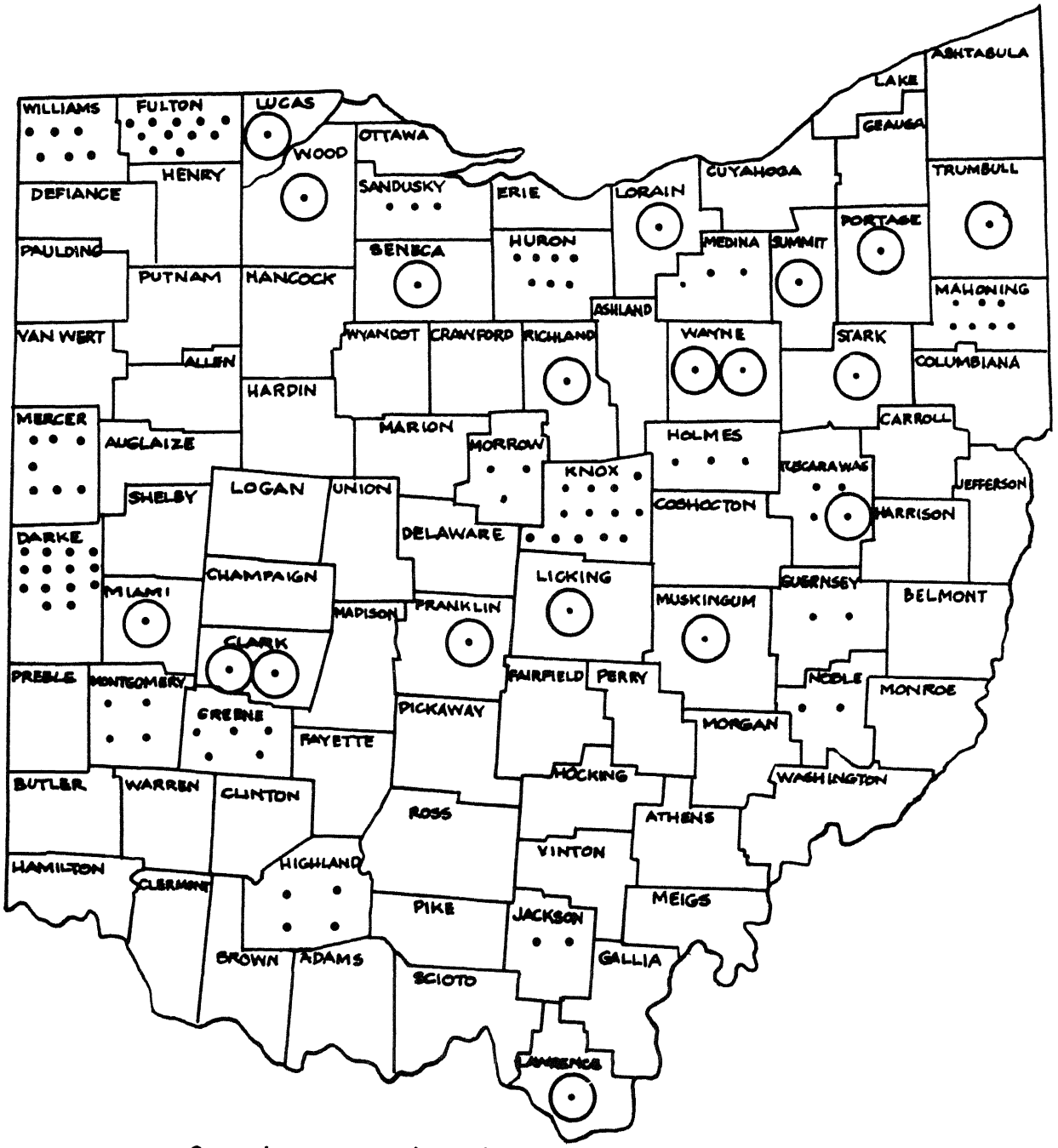


FIG. 2: THE NUMBER OF TURKEY PRODUCERS INTERVIEWED DEPENDED ON THE NUMBER IN EACH OHIO CROP REPORTING DISTRICT



• One producer interviewed in random sample

One producer who sold 5000 or more dressed turkeys or 25,000 or more live turkeys, who was interviewed but was not part of the random sample

MOST OF THE PRODUCERS INTERVIEWED RAISED LESS THAN 10,000 TURKEYS

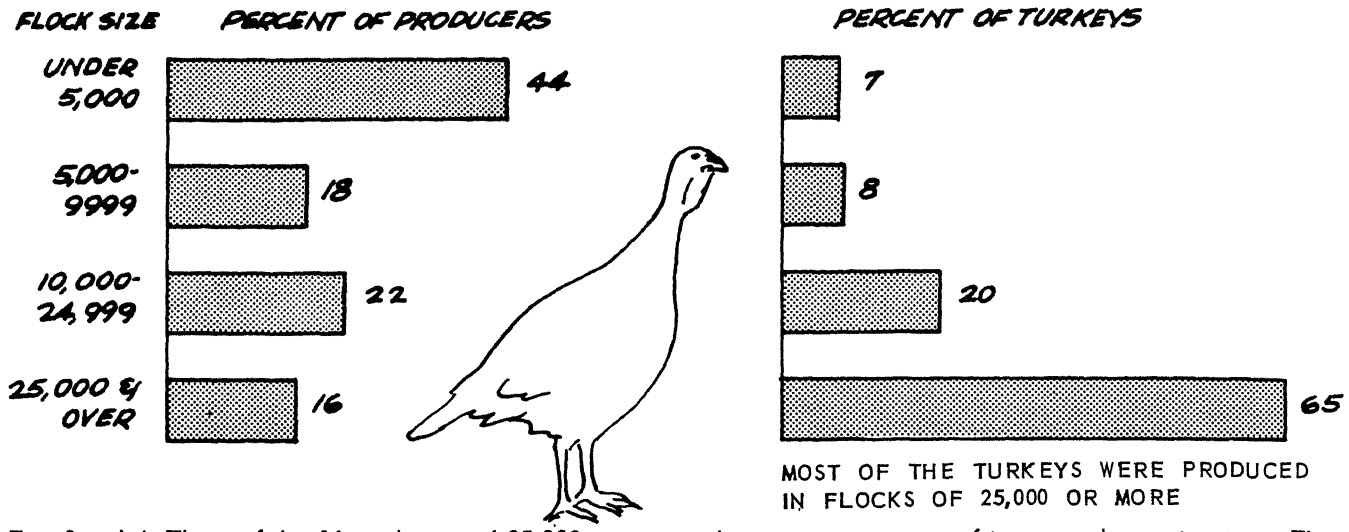


Fig. 3 and 4: Three of the 16 producers of 25,000 or more turkeys were operators of integrated organizations. These operators each contracted with several growers. The operators of the integrated organization were interviewed since they were responsible for selling the turkeys. It appears likely that a larger proportion of Ohio's turkeys may be produced on contract in the years ahead. It is also probable that the average size of flocks not on a contract basis will continue to increase.

FIG. 5: 5 OUT OF 6 TURKEYS WERE SOLD LIVE

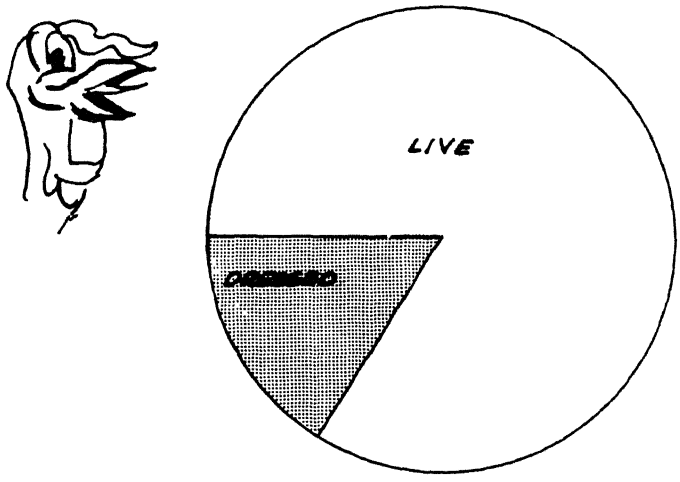


Fig. 5: Although 44 percent of the random sample of producers processed some of the turkeys which they sold, only about 16 percent of the turkeys were sold by producers as dressed birds. About 49 percent of the turkeys of the 19 non-random producers were sold dressed. The difference was due to method of selecting the two samples.

FIG. 6: THE PERCENT OF PRODUCERS SELLING LIVE TURKEYS INCREASED AS FLOCK SIZE INCREASED

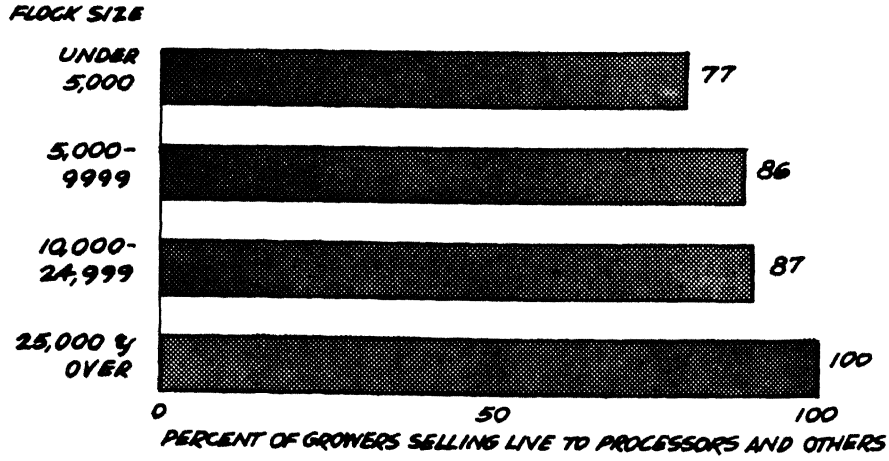


Fig. 6: No producer of 25,000 or more turkeys in the random sample dressed all his turkeys. Some producers in about all size categories below 25,000 turkeys, dressed all turkeys which they sold. Processing costs depend upon location of production, capacity of plant, percent of capacity utilized during the year, and similar factors which may eventually cause growers of large flocks to seek markets before the poults are placed.

FIG. 7: NUMBER OF SALES OF LIVE TURKEYS INCREASED AS FLOCK SIZE INCREASED

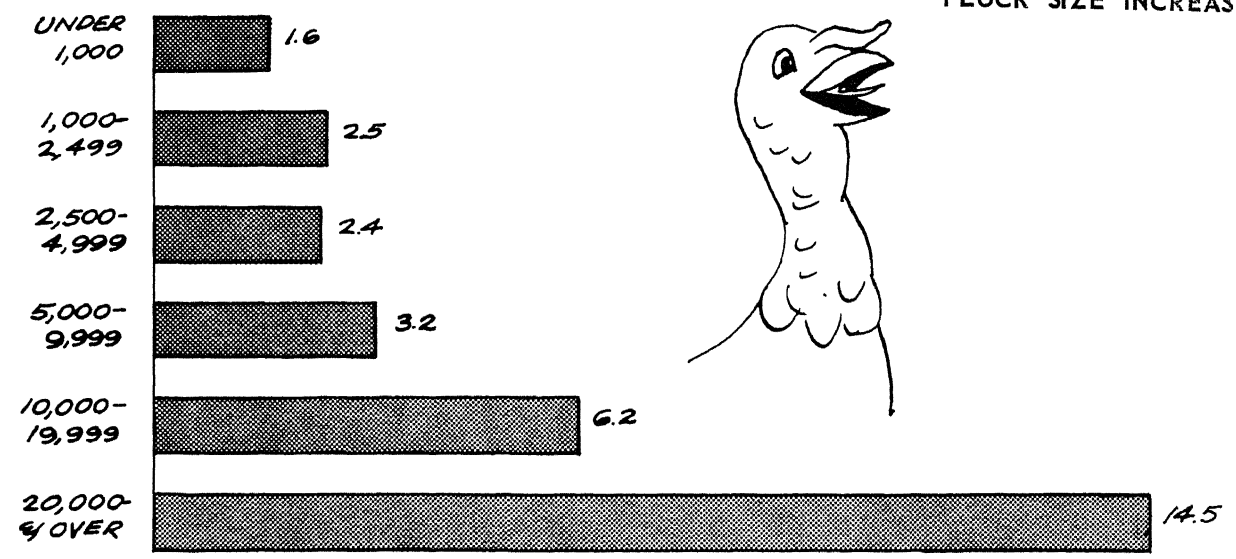


Fig. 7: Most producers sold live turkeys more than once during the marketing season. However, producers with smaller flocks averaged close to the two sales that would be involved with separate sales dates for hens and toms. Some of the multiple sales resulted from more than one sale to the same buyer. In other instances sales were to different buyers. It will be necessary from a long-run competitive standpoint for growers of large flocks to consider seriously the advantages as well as the disadvantages of selling all of their turkeys to one processor.

FIG. 8: AVERAGE NUMBER OF LIVE TURKEYS SOLD PER SALE INCREASED AS FLOCK SIZE INCREASED

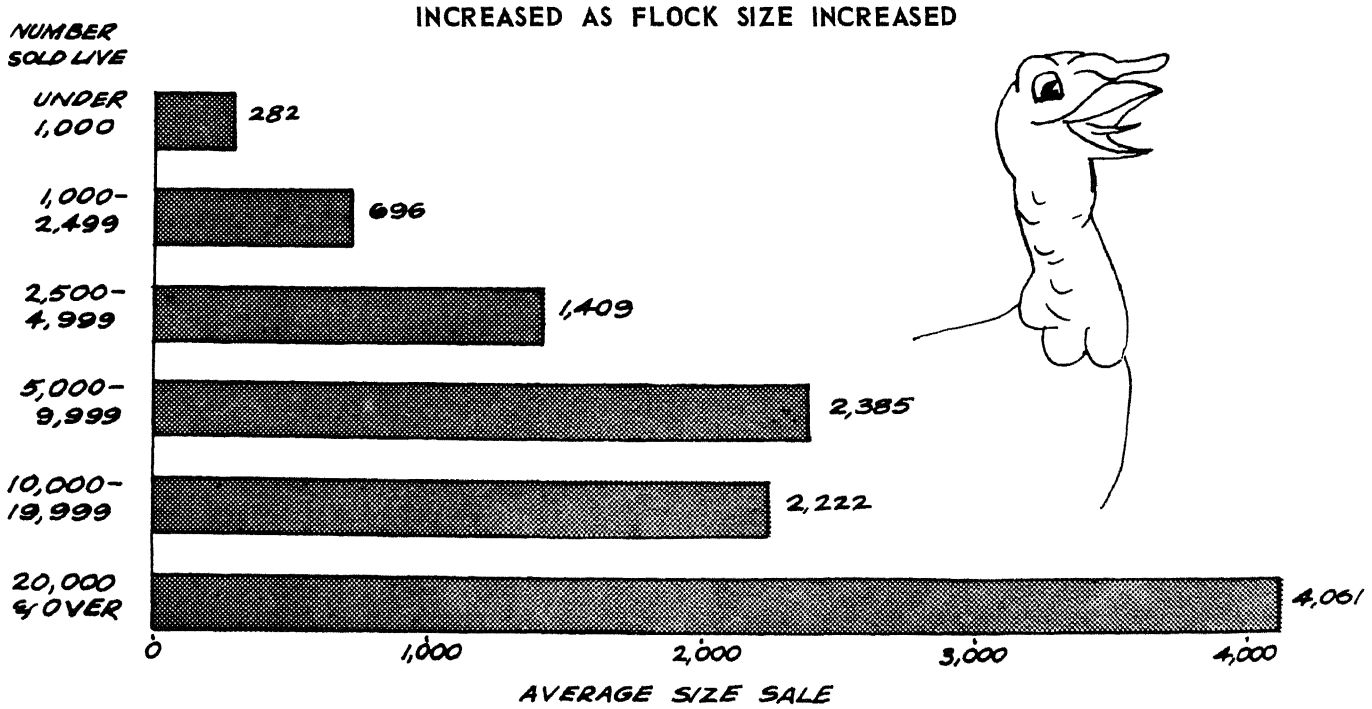


Fig. 8: Both the number of sales and average number of turkeys sold per transaction increased as flock size increased. There was no appreciable difference in size of sale from live flocks of 5000 to 20,000. In all other cases the average size sale increased as the flock size increased. In many instances small, local processors bought turkeys from producers with smaller flocks. Some of these sales were for higher prices than the larger lot sales. These types of operations will likely continue as long as the small processor receives a premium price for his turkeys.

FIG. 9: THE LARGER THE FLOCK, THE LONGER THE AVERAGE DISTANCE TO LIVE MARKET

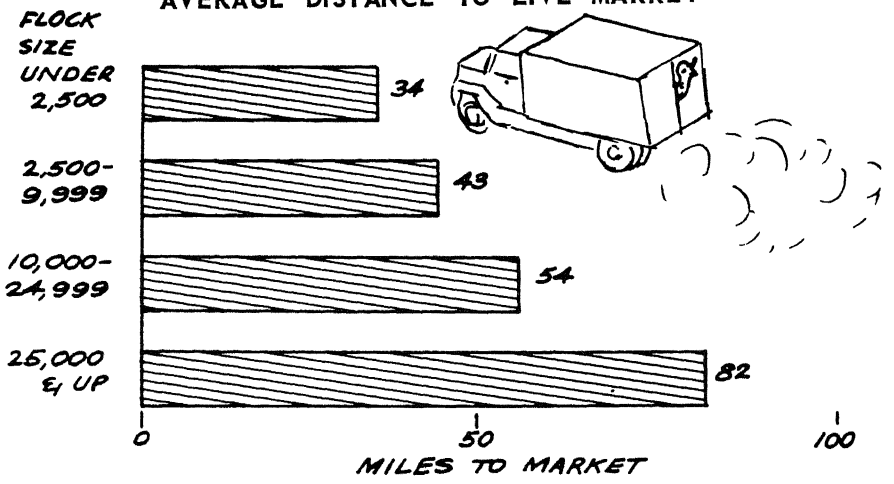


Fig. 9: As miles to market increased, the average size flock increased up to 80 miles from the point of production. As miles to market increased above 80, the average size of flocks being sold decreased. This may be only a random variation or there may be some reason which is not readily apparent. Many live Ohio turkeys were transported to East Coast Markets.

If turkey production continues to decrease in the Northeast and premium prices for fresh-dressed turkeys continue, these eastern live markets may be the best holiday markets for many Ohio turkeys. It appears probable, however, that the proportion of the total turkey crop sold as fresh-dressed will decline.

FIG. 10: ABOUT 2 OUT OF 3 LIVE TURKEYS WERE SOLD TO OHIO PROCESSORS

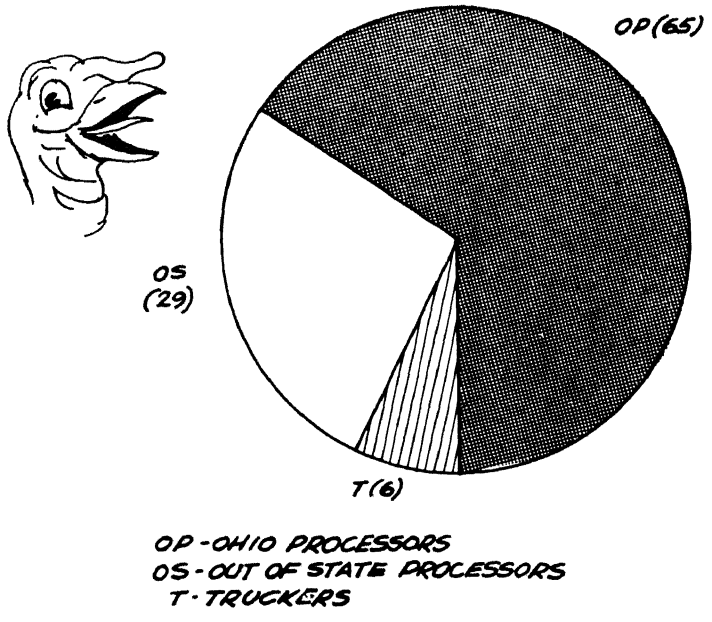


Fig. 10: Nearly 30 percent of Ohio's live turkeys were sold to out-of-state buyers. Processors in the area in which the turkeys were produced bought almost one-half of the live turkeys.

Major out-of-state processors were from Pennsylvania and Indiana. Truckers hauled to both local and distant markets. More than one-half of the live turkeys were sold to four processors, three in Ohio and one in Pennsylvania. This high proportion of Ohio's turkey crop going to these processors may be an indication of further processing concentration.

FIG. 11: MAJOR BUYERS OF LIVE OHIO TURKEYS VARIED BY AREAS

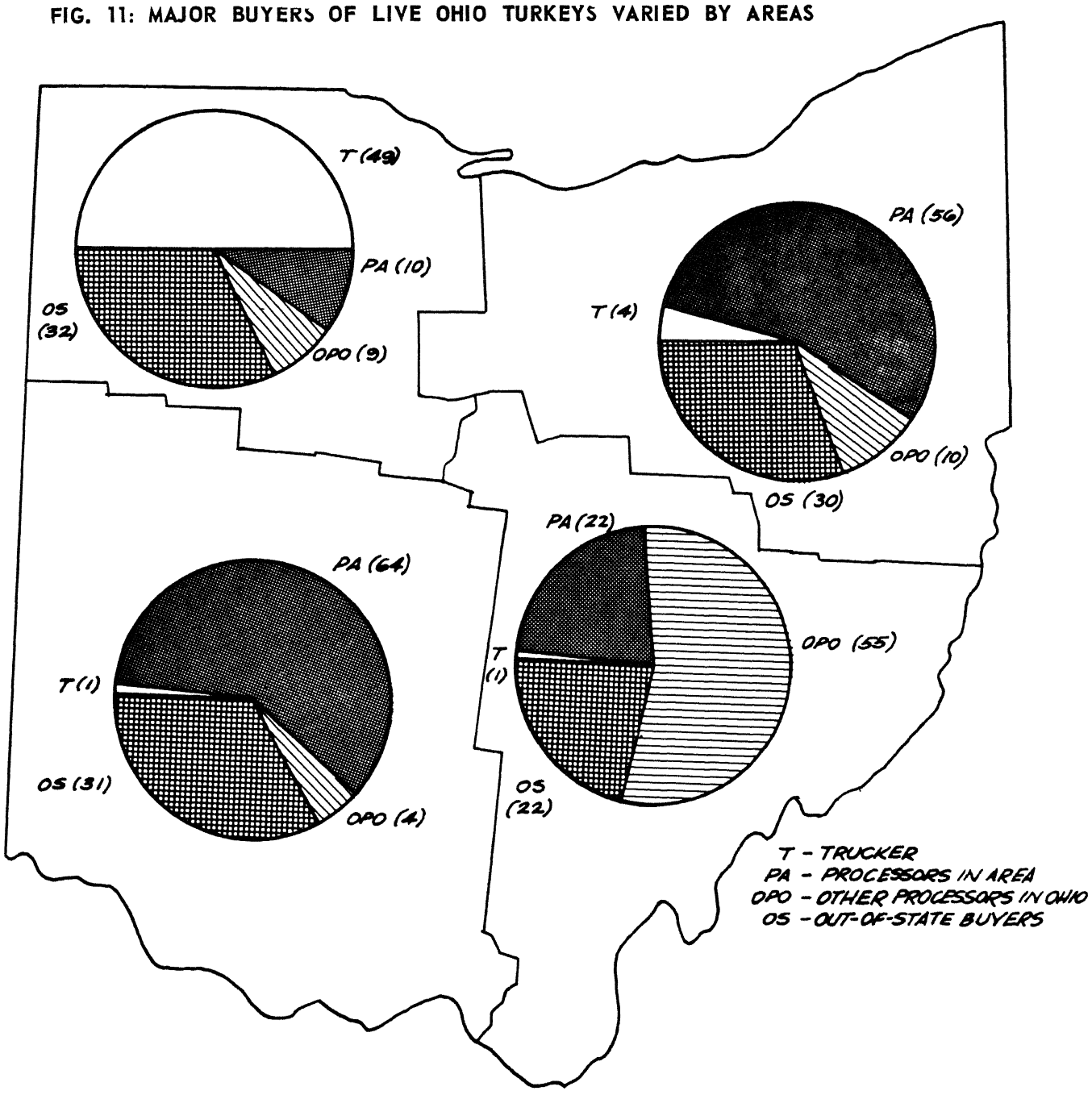


Fig. 11: Truckers and out-of-state buyers bought more than 80 percent of the live turkeys in northwestern Ohio. Processors in the area bought more than 50 percent of the live turkeys in northeastern and southwestern Ohio. Ohio processors outside the area bought more than 50 percent of the live turkeys from southeastern Ohio.

The small percentage of sales to local processors in the northwestern area resulted from truckers serving as intermediaries between producers and processors and from movement of live turkeys to other market areas including Pennsylvania, New Jersey, Indiana, and Michigan.

The northeastern area live turkeys sold in the area were sold about equally to processors in Cleveland and other processors in the area. Out-of-state sales were mostly to Pennsylvania.

About one third of the southwestern area sales were to Pennsylvania, Indiana, Kentucky, and Massuchusetts.

Major movements of the live turkeys from the southeastern area were to Cleveland, processors in Ohio but west of the area and to Pennsylvania and New Jersey.

FIG. 12: NORTHEASTERN OHIO PRODUCERS DRESSED MORE OF THEIR TURKEYS

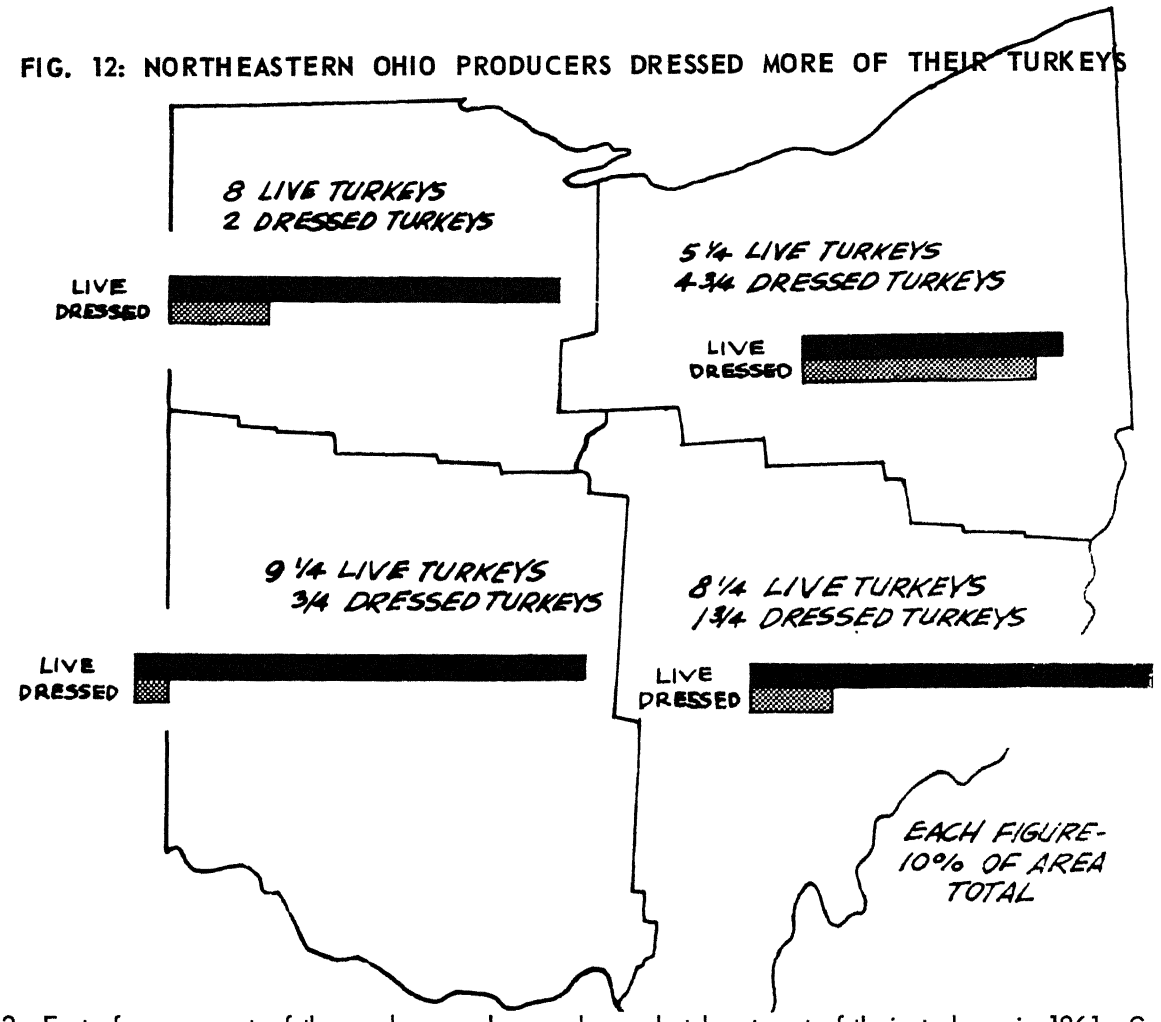


Fig. 12: Forty-four percent of the random producers dressed at least part of their turkeys in 1961. Generally, as more turkeys were raised, a smaller percent was dressed. In the northeastern area, where the population density was the highest, producers dressed about 48 percent of their total turkey output. Accessibility to large consuming areas, attitudes and habits of producers and ability to take price risks seem to be important factors in choice between growing more turkeys and selling them live or growing fewer turkeys and processing them. Ohio with its more than ten million consumers and its grain production appears to be an ideal spot for turkeys if well coordinated production-marketing programs are followed. These programs could involve both those who sell their turkeys live and producer-processors.

FIG. 13: PRODUCERS OF UNDER 5000 TURKEYS WERE MOST LIKELY TO SELL DRESSED TURKEYS

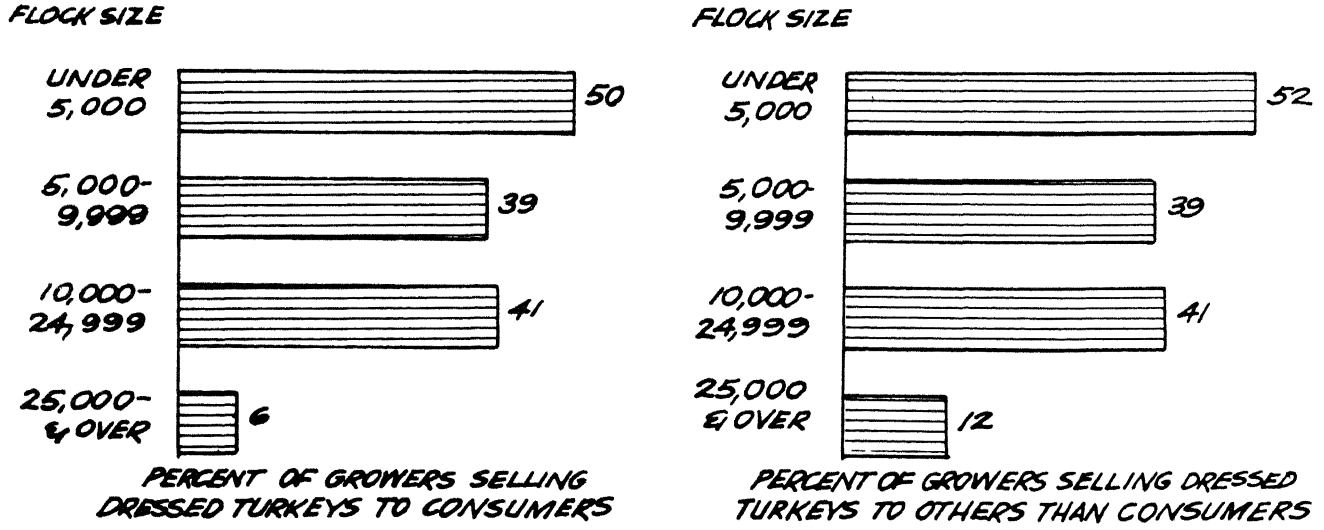


Fig. 13: About the same proportions of producers in a given flock size category sold dressed turkeys to consumers and to other outlets. Some producers indicated a desire to discontinue consumer sales because of the time consumed per sale.

FIG. 14: PRODUCERS WITH SMALLER FLOCKS WERE MORE LIKELY TO DRESS A HIGHER PERCENTAGE OF THEIR TURKEYS

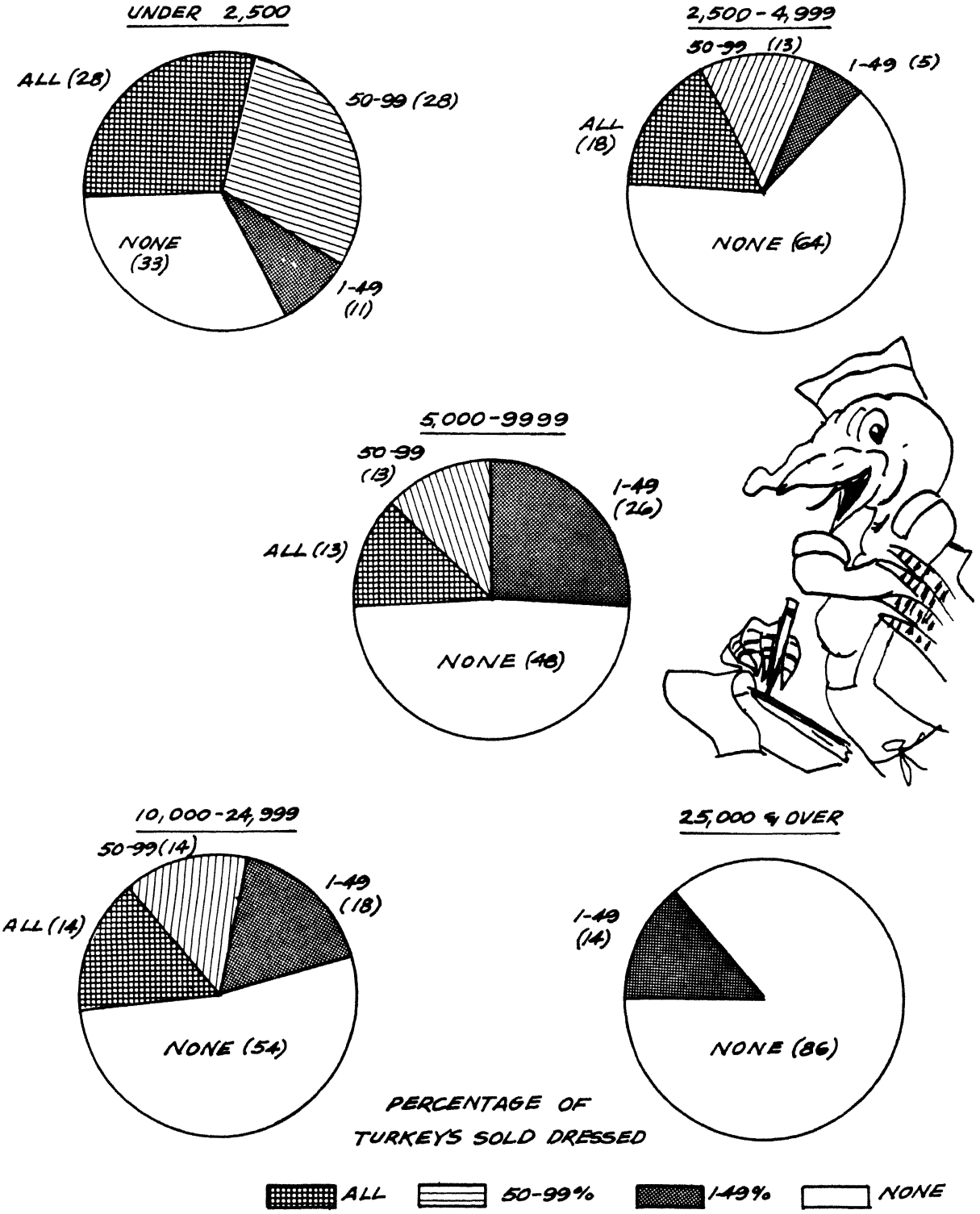


Fig. 14: As flock size increased, the proportion of growers selling all birds dressed decreased. None of the producers of 25,000 or more birds processed half or more of their output. On the other end of the scale, 56 percent of the producers with 2500 or fewer turkeys processed half or more their turkeys. The 2500-4999 group did not follow the general pattern in proportions of producers selling all turkeys alive. They operated much like the under 2500 group, however, by either dressing a major proportion or none of their output.

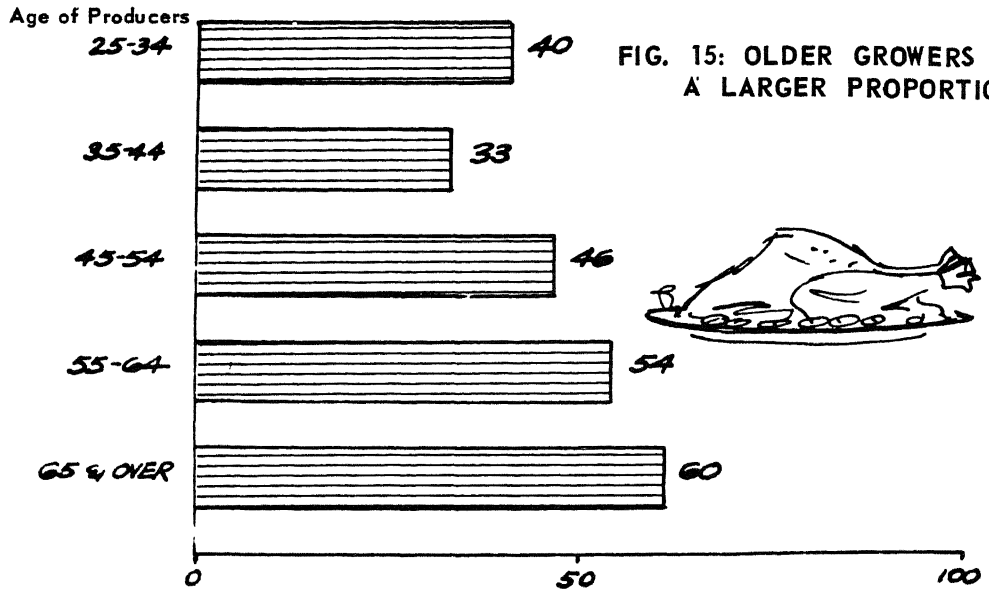


FIG. 15: OLDER GROWERS DRESS A LARGER PROPORTION

Fig. 15: Older growers are likely to have grown turkeys over a longer time period and may have a greater equity in their operation. Therefore, one might expect a smaller proportion of older operators to process turkeys because they are more likely to be able to take the risk of loss on a larger number of turkeys. Many older producers started growing turkeys when expansion was based on previous years' income rather than credit which is often used as a competitive device to sell feed and poults. Therefore, their attitudes toward dressing turkeys may be different than those of younger producers. Flock sizes generally increased as producers' ages increased to 40-44 years and then flock sizes decreased as growers' age increased. The age distribution implies a declining proportion of producer-processors in the years ahead.

FIG. 16: DRESSED SALES MOVED TO A VARIETY OF MARKETS

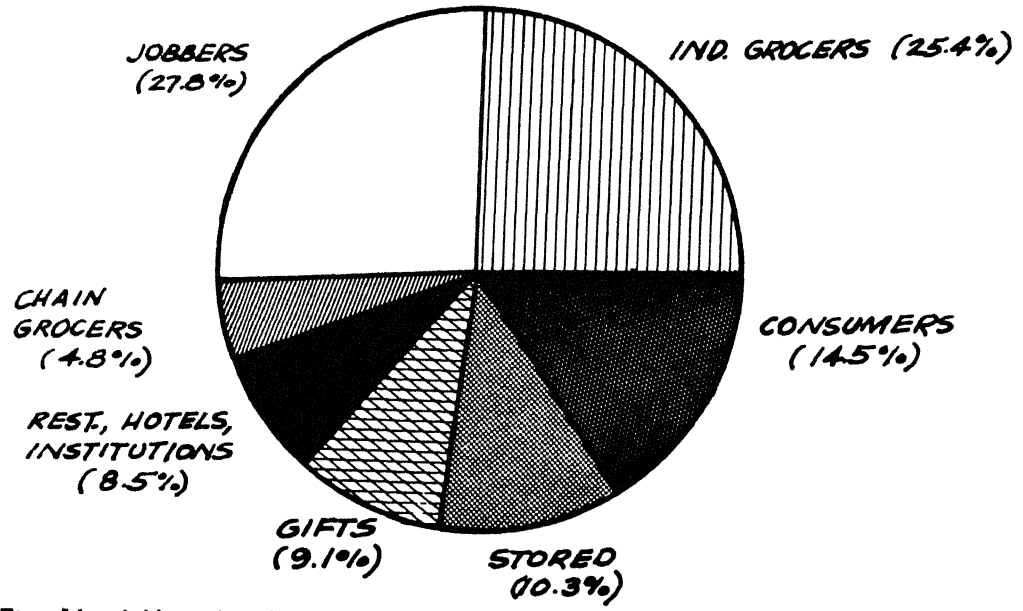


Fig. 16: Jobbers bought more turkeys dressed by Ohio growers than any other single outlet. Independent grocers and consumers were the next most important outlets. An important relationship is apparent here. As indicated earlier, small flocks operators were more likely to process their turkeys. Outlets generally used by the producer-processors also buy relatively small quantities of turkeys at a time. Greatest competition from larger operators for producer-processor outlets is likely to be for the jobber, gift and larger restaurant or retail store sales. Some producers who normally dressed all their turkeys sold some of their birds live in 1961 because some outlets to which they usually sold obtained turkeys from other sources.

FIG. 17: AVERAGE PRICES INCREASED AS SERVICES INCREASED

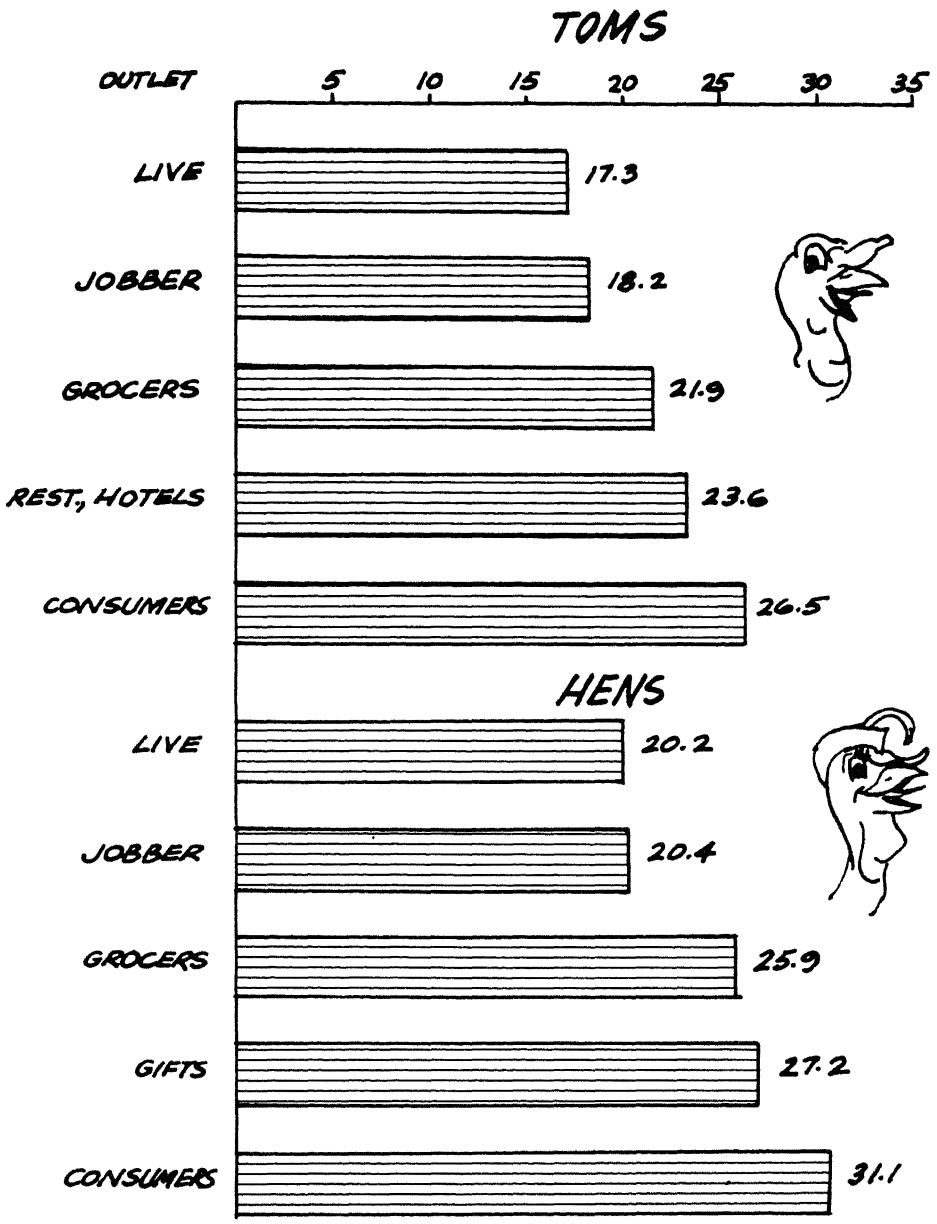


Fig. 17: Prices reported for Thanksgiving and Christmas seasons were averaged to obtain the prices in Fig. 17. Prices for live turkeys were those reported by producers. Prices for other outlets were converted to a live equivalent price by assuming a 20 percent dressing shrinkage and deducting a six cent per pound of live weight processing charge. Yields and processing costs varied among producers, strains, sizes, and sexes of turkeys. Other marketing costs varied with services performed. The differences in calculated prices ought to be relatively reasonable estimates of the returns for performing the services.

FIG. 18: PRICES TO SAME KIND OF OUTLETS VARIED WIDELY

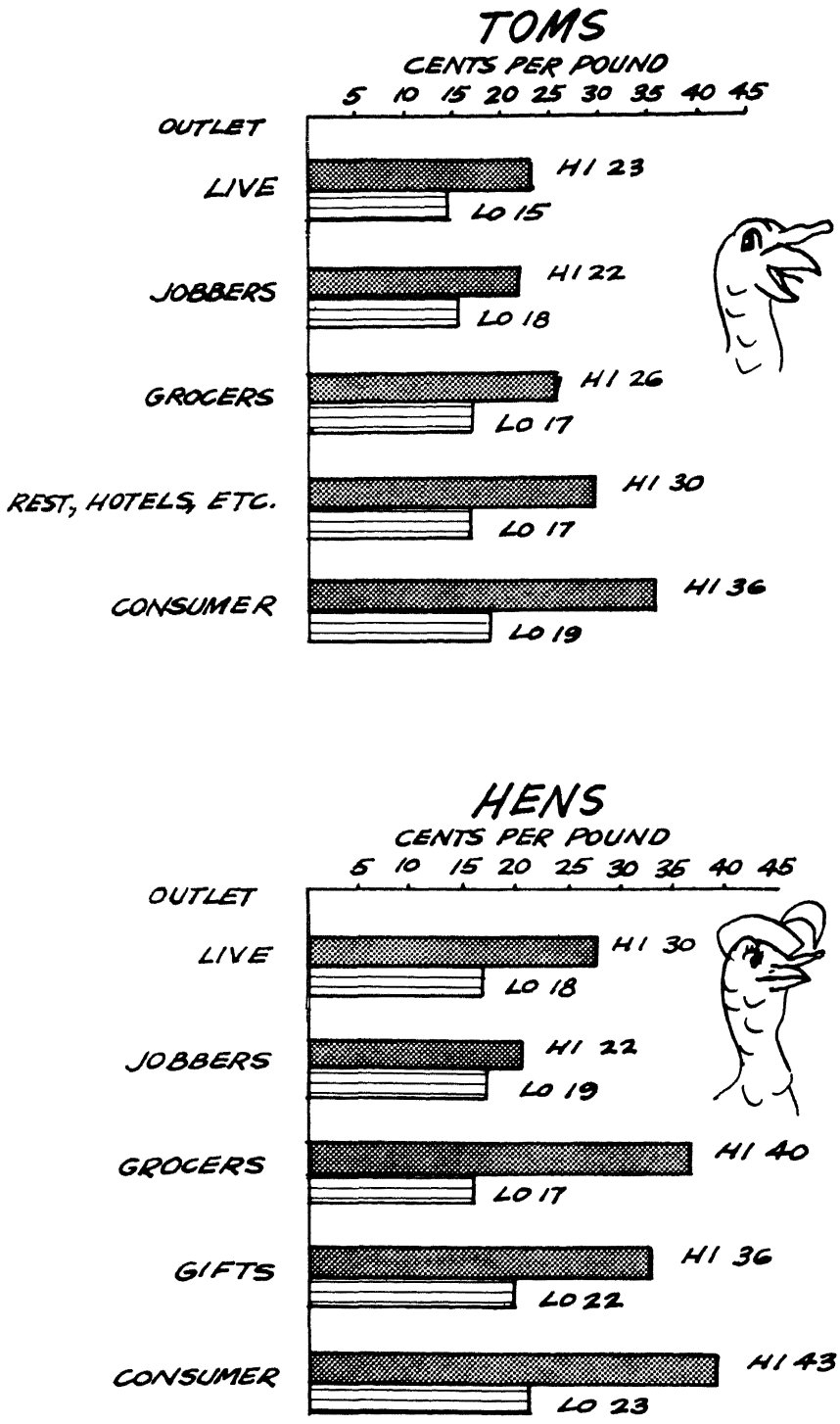


Fig. 18: These prices were computed in the same manner, as those in the previous chart. Prices to producers varied least in sales of dressed turkeys to jobbers. The greatest variation in prices received by producers was in sales to consumers. Much of the price differences are likely due to reputations and practices developed over a period of years. Some of the differences are due to location, quality of bird, and services rendered. The prices used here were for the Christmas season only. This removes the time variable. Christmas prices as in most years, averaged slightly higher than Thanksgiving prices.

FIG. 19: PRICE INCREASED AS NUMBER OF DRESSED TURKEYS RETAILED INCREASED

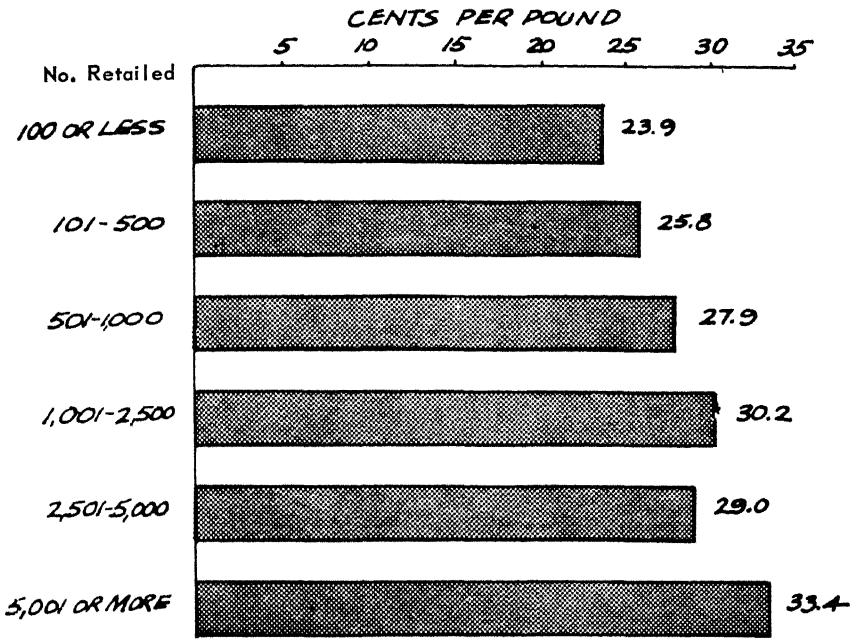


Fig. 19: There appeared to be a direct relationship between retail specialization and prices received by producers. These prices are averages for hens and toms combined. They are also a combination of Thanksgiving and Christmas sales.

Many producers who specialized in retailing turkeys received higher prices because they believed they were selling better than average turkeys and priced them accordingly. Many of those who sold small numbers of turkeys to consumers did so as a public relations gesture rather than as a major part of their business.

FIG. 20: PRICE DID NOT INCREASE AS NUMBER SOLD LIVE INCREASED

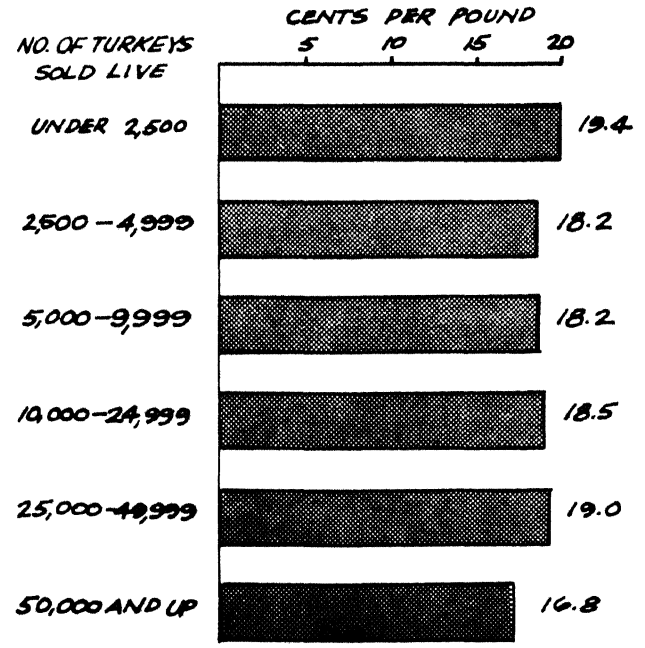


Fig. 20: It is quite possible that the effect of the buyers' market in 1961 for live turkeys resulted in a price pattern among flock sizes which is not normal. One would expect prices for larger flocks to be at least as high as average size flocks. Prices for some of the smaller flocks were higher because producers were willing to sell 100 or fewer birds at one sale. These sales were to operators of small processing plants.